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SUBJECT: TRINIDAD & TOBAGO ECONOMIC HIGHLIGHTS FOR MID- JUNE THROUGH  
MID-JULY 2008

The following were notable economic issues in Trinidad & Tobago during  
the second half of June and first half of July.

- [¶1.](#) China and GOTT sign loan and cooperative agreements
- [¶2.](#) T&T to sign trade agreement with EU
- [¶3.](#) Dubai, NYC support T&T's International Financial Center
- [¶4.](#) T&T deposits US\$200m into its sovereign wealth fund
- [¶5.](#) No flour subsidy for T&T
- [¶6.](#) Fuel hedge key to Caribbean Air success
- [¶7.](#) Successful bond issue
- [¶8.](#) Drop in Global Competitiveness ranking
- [¶9.](#) GOTT helps finance St. Vincent Airport
- [¶10.](#) Copyright body distributes TT\$7 million in royalties
- [¶11.](#) Caribbean Sea Initiative

[¶1.](#) China and GOTT sign loan and cooperative agreements

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On behalf of the Chinese government, visiting Chinese Communist Party official He Guoqiang signed an agreement with the GOTT to provide a US\$400 million loan facility to finance the Alutrint aluminum smelter project. He and his GOTT hosts also agreed to establish a joint committee for trade, economic, and technical cooperation. In addition, the PRC agreed to supply Trinidad with a TT\$60 million (US\$10 million) interest-free loan to buy a linear accelerator x-ray scanning and radiation detection system to enhance cargo security.

[¶2.](#) T&T to sign trade agreement with EU

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Minister of Foreign Affairs Gopee-Scoon announced that T&T is ready to sign the Economic Partnership Agreement (EPA) with the European Union (EU). The EPA is designed to further trade reciprocity between Cariforum (Caricom plus the Dominican Republic) and the EU. While T&T's goods and services will receive duty free access to EU markets immediately, under the agreement, tariffs on EU products will be gradually eliminated with 82.75% of products entering T&T duty free within 15 years and 86.9% in 25 years. The agreement has been controversial in T&T, albeit less so than in some other Caribbean states.

[¶3.](#) Dubai, NYC support T&T's International Financial Center

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During a trip to Dubai by Finance Minister Nunez-Tesheira and Central Bank Governor Williams, the Government of UAE and Dubai's International Financial Center agreed to collaborate with the GOTT to establish an International Financial Center (IFC or TTIFC). In addition to their meetings in Dubai, the T&T officials also met with major financial firms in New York. According to local reports, Lehman Brothers expressed interest in becoming an IFC anchor tenant. PM Manning touted the success of the GOTT missions to Dubai and New York, saying that T&T's stability and geographic location as the "gateway" to Latin

America will enable it to attract top investors.

#### 14. T&T deposits US\$200m into its sovereign wealth fund

GOTT deposited TT\$1.2 billion (US\$200 million) of its petroleum revenue from Q1 2008 into the Heritage and Stabilization Fund (HSF), T&T's sovereign wealth fund. In May, the Central Bank reported a fund balance of US\$1,996 million. A rule governing the HSF requires the GOTT to deposit a minimum of 60 per cent of excess energy revenues, defined as the difference between actual and budgeted energy revenues, into the fund.

#### 15. No flour subsidy for T&T

The GOTT rejected requests by bakers and grocers to subsidize flour following the second price increase this year and an increase of over 60% in 2007. The state-owned National Flour Mills increased the price of flour by 40% in March and 24% on July 1, while competitor Nutrimix Flour Mill was closed for expansion. Nutrimix Flour Mill, which supplied 40% of the nation's flour before its closure, anticipates its return to market will reduce pressure on flour prices.

#### 16. Fuel hedge key to CAL success

State-owned Caribbean Airlines (CAL) reported that it is ahead of revenue targets for the year. CAL president Philip Saunders attributes this success, in part, to a fuel hedge that enables the company to purchase jet fuel at a favorable price until 2011. Despite numerous requests, the company has declined to disclose more information regarding the hedge. Several newspapers have

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suggested the GOTT is providing the state-owned enterprise with subsidized fuel. CAL has adamantly denied this.

#### 17. Successful bond issue

The GOTT issued TT\$1.2 billion (US\$200 million) in government bonds to absorb the excess liquidity generated by the sale of Royal Bank of Trinidad and Tobago (RBTT) to Royal Bank of Canada (RBC). The bonds were auctioned and received bids amounting to TT\$1.976 billion (US\$329 million). Having reached the legislated borrowing limit of TT\$13 billion (US\$2.16 billion) as a result of the bond issue, Finance Minister Nunez-Tesheira asked Parliament to raise the ceiling to TT\$20 billion (US\$3.33 billion).

#### 18. Drop in Global Competitiveness ranking

T&T dropped 17 places on the WorldEconomic Forum's Global Competitiveness Index, falling from 67 out of 137 countries in 2006 to 84 in 2007. The Global Competitiveness Report identified crime, government bureaucracy, a poor work ethic, and corruption as the four key issues that precipitated the drop.

#### 19. GOTT helps finance St. Vincent Airport

The GOTT approved the release of TT\$78 million (US\$13 million) from the T&T-funded CARICOM Petroleum Stabilization Fund to support the construction of a new airport runway in St. Vincent. The fund was set up in 2004 to assist other CARICOM countries in coping with high energy prices. T&T contributes TT\$420 million (US\$70 million) to this fund annually.

#### 110. COTT distributes TT\$7 million in royalties

The Copyright Organization of Trinidad and Tobago (COTT) announced that it will distribute nearly TT\$7 million (US\$1.17 million) in royalties this year, a 21% increase from last year. While this increase may suggest an improvement in copyright protection, the Recording Industry

Association of T&T (Riatt) claimed that recorded music is still largely unprotected on the internet. It stressed that T&T's Intellectual Property Office (IPO), a division of the Ministry of Consumer and Legal Affairs, needs to sign the WIPO Performances and Phonograms Treaty to further strengthen T&T's regulatory framework and ensure proper protection for artists. Having passed the Copyright Amendment Act in May, which brings T&T into compliance with WIPO, the IPO expects to sign the treaty by late September.

#### 11. Caribbean Sea Initiative

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During an Association of Caribbean States (ACS) meeting, a T&T official announced the Caribbean Sea Commission is working to implement the "Caribbean Sea Initiative." This effort seeks UN recognition of the Caribbean Sea as an area of sustainable development. The hope is that such a designation would curb exploitation and pollution of the sea while allowing Caribbean states to pursue strong development agendas.

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